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- THOMSON, W. *Dictionary of banking*. Second edition, revised and enlarged. (London: Pitman. 1919. Pp. 633. 30s.)
- TODD, J. A. *The mechanism of exchange. A handbook of currency, banking, and trade in peace and war*. Second edition. (New York: Oxford Press. 1919. Pp. xiv, 273. \$3.75.)
- WALL, A. *The bankers' credit manual*. (Indianapolis: Bobbs-Merrill. 1919. Pp. 248. \$4.)
- Changes in the cost of living, July, 1914-July, 1919*. Research report no. 19. (Boston: National Industrial Conference Board. 1919. Pp. 31.)
- A comparison of prices during the Civil War and present war*. (Washington: U. S. War Industries Board, Division of Planning and Statistics. 1919. Pp. 54.)
- Digest of the federal reserve act, including amendments*. (New York: Guaranty Trust Co. 1919. Pp. 55.)
- The star rare coin encyclopedia*. Eighteenth edition. (Fort Worth, Texas: Numismatic Bank of Texas. 1919. Pp. 207.)
- Wartime changes in the cost of living. July, 1914-March, 1919*. Research report no. 17. (Boston: National Industrial Conference Board. 1919. Pp. 31.)

### Public Finance, Taxation, and Tariff

- The Taxation of Capital*. By SIR ALFRED W. SOWARD and W. E. WILLAN. (London: Waterlow and Sons Limited. 1919. Pp. xvi, 408. 18s. 6d.)

Though called forth by the current British discussions concerning a possible capital levy to defray the costs of the war, this book is mainly concerned with the British "death duties," which are considered to be essentially levies on capital. Especial attention is paid to the history of progressive rates and to the possibilities of double taxation, both domestic and international. The corporation duty is also considered, as a substitute for death duties on property the owner of which never dies.

It is natural that the two authors, being lawyers and government officials, should have emphasized the historico-legal points at the expense of the strictly economic ones. Not that these are wholly neglected: in the first chapter there is a brief outline of the theoretical justifications of the taxation of inheritances, and later there are similar outlines relating to progression in rates and taxable situs. But no new light is shed on what to an economist seems the most vital point in the taxation of capital, its effect on

wealth and progress. There are only some quotations from well known authorities, with little to indicate the authors' own opinion.

"Capital" is understood to comprehend "all those things which can be the subject of ownership without regard to whether they are income producing or not"; in other words, what writers on taxation have usually called property. In accordance with this definition, several existing or proposed taxes are discussed which are assessed on property though generally paid out of income. The discussion of the American general property tax is limited to quoting several severe denunciations, with no account of the usual rates nor the yield. It is difficult to understand such neglect of a system of taxation which annually brings in over a billion dollars and under which one hundred million free citizens, like Jeshurun, wax fat and kick. The objections to the general property tax become weighty only when the rate is unduly high; witness its history in the United States before the Civil War, and in some Swiss cantons, and also the success of the low flat taxes on intangibles in Pennsylvania, Maryland, Rhode Island, and other states. In fact, experience shows that rates as high as 6 per mille can be collected. If this were more commonly known in England perhaps there would not be so much objection to the Fabian Society's proposal, and others similar, for a temporary tax on capital, which contemplate only 1 per cent or so per year for some ten years. Such a tax newly introduced might be expected to be more disturbing than one to which industry and property have adjusted themselves, but 1 per cent on property is after all only equivalent to an additional income tax of some 20 per cent on "unearned" income, including in income the enjoyment derived from the possession of consumers' wealth, which is not at present systematically taxed in England. Still, the maximum rate of the German Imperial Wehrbeitrag of 1913 was only 1.5 per cent and yet it was thought necessary to collect it in three instalments; so to find a rate of 1 per cent per year meeting opposition in England is not surprising. The Germans seem more willing to revise their ideas on this subject, if Herr Erzberger's proposal of a tax of 64 per cent is seriously meant.

Another regrettable feature is the failure to give some idea of the rates of the state inheritance taxes in this country. No account of the federal tax can give an adequate idea of the extent to which capital is burdened unless the state taxes are also considered, especially since so many of them are imposed at higher rates than the federal.

The authors regard that part of the inheritance tax which falls on the estate as a capitalized income tax on funded income and suggest that the rates should correspond to the average rates of the income tax during the current generation. The inheritance tax on heirs, which they call an acquisition duty, is based on the doctrine of escheat. This is good enough law, but it is doubtful if the ordinary heir perceives any distinction.

Some of the more important chapters relate to the death duties in Ireland, the corporation duty and dual taxation. There is a discussion of the legal meaning of the term "direct taxation" which in England is now by court decision the same as defined by John Stuart Mill. No attempt is made to explain the American judicial interpretation of the term. At times the authors have employed language that would indicate that they were writing for a legally-trained audience, as in the case of the words "cesser" (p. 23), "user" (p. 191), and "legitim" (p. 390). It is rather surprising then to find a footnote (p. 71) to the effect that Disraeli and Lord Beaconsfield were the same person. Is it possible that the legal profession in England is not expected to be acquainted with modern history? Another questionable point is the translation of the German *Land* by "land" on page 372; "country" or "nation" would better convey the meaning.

One of the best chapters in the book is that devoted to estimates of capital wealth, both because of its description of methods of estimating and because of its collection of estimates, especially recent ones. In this, and in all discussion of English affairs, the book is interesting and helpful. It is strictly up-to-date and abundantly supplied with references. It will be of much assistance to advanced students of taxation. It will not, however, be of much value in the ordinary work in public finance as given in American universities.

RUFUS S. TUCKER.

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#### NEW BOOKS

- AGGS, W. H. *Income tax act, 1918*. (London: Sweet & Maxwell. 1919. Pp. 246.)
- BATTUT, A. *L'impôt sur les traitements, salaires, pensions et rentes viagères. Commentaire théorique et pratique de la loi du 31 juillet 1917*. (Paris: Tenin. 1919. 5 fr.)
- BLACK, H. C. *A treatise on federal taxes*. Fourth edition. (Kansas City: Vernon Law Book Co. 1919. \* Pp. xxxi, 704. \$6.)